

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Clover Community Bankshares, Inc. (Clover Community Bank)

Point of Contact:	Jerry L. Glenn	RSSD: (For Bank Holding Companies)	81429
UST Sequence Number:	713	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	3,000,000	FDIC Certificate Number: (For Depository Institutions)	27055
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	March 27, 2009	City:	Clover
Date Repaid ¹ :	N/A	State:	South Carolina

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

During 2011, the bank made \$3,295,752 in new loans, renewed \$20,717,446 and renewed \$809,919 in lines of credit. This was possible due to the CPP Funds received in 2009

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

During 2011, the Banks loans decreased by \$16,500,000. Without the CPP Funds we would have not been able to make the loans we did. We have budgeted an increase in loans for 2012 of \$4,500,000. The CPP funds received gives us the capital to support this loan growth.

☒ **Increase securities purchased (ABS, MBS, etc.).**

Our securities increased by \$1,500,000 during the year. We also increased our purchase of other bank certificates of deposit by approximately \$6,000,000 due to low loan demand.

☐ **Make other investments.**

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☒ **Increase reserves for non-performing assets.**

We had a loss on our OREO of \$850,000 in 2011. This helped the Bank to reduce it Adversely Classified Assets and still be Well Capitalized

☐ **Reduce borrowings.**

☐ **Increase charge-offs.**

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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

We have held to keep our Capital at a Well Capitalized Level

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Due to receipt of CPP Funds we are now able to increase our lending as the economy improves.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The CPP Capital we received has enabled us to come through the past two years and remain Well Capitalized. We made a profit in 2011 and have been profitably in 2012. These profits have increased our capital and will provide the funds to start repaying the CPP Funds in the future. If we had not had the CPP Funds our Capital levels would have been much lower.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

We have remained a Well Capitalized Bank which will enable us to make loans as the economy improves.